

Message Text

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50/67

ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 CCO-00 INRE-00 CIAE-00 TRSE-00

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66604

DRAFTED BY ARA/CAR:JRBURKE:JR

5/15/74 EXT. 22621

APPROVED BY THE ACTING SECRETARY

L:MFELDMAN (SUBS)

EB/OIA/IFD:MKENNEDY

ARA:JBKUBISCH

S:LEAGLEBURGER

S/S:WHLUERS

----- 047339

O 160120Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM NIACT IMMEDIATE

C O N F I D E N T I A L STATE 101836

EXDIS - TOSEC 675

C O R R E C T E D C O P Y (OMISSION LINE 3, PARA 2)

E.O. 11652: GDS

TAGS: EMIN, PINT, US, JA

SUBJECT: BAUXITE NEGOTIATIONS--STATE OF PLAY 6:00 P.M.

MAY 15

1. WE ARE REPEATING KINGSTON REPORTING CABLES TOSEC TO
KEEP YOU ABREAST OF JAMAICAN BAUXITE NEGOTIATIONS. AS YOU
WILL HAVE SEEN, GOJ AND COMPANIES FAILED TO REACH AGREE-
MENT AS OF EVENING MAY 14 AND JAMAICAN GOVERNMENT HAS NOW
DECIDED TO RESOLVE REVENUE ISSUE BY LEGISLATION.

2. JAMAICAN CHARGE TELEPHONED KUBISCH AT 3:15 P.M. TO
INFORM HIM: (A) ABOUT THE FAILURE TO ACHIEVE A NEGOTIATED
SETTLEMENT IN KINGSTON PRECEDING EVENING AND (B) THAT
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THE PM WAS PREPARING A NUMBER OF POINTS EXPLAINING THE

GOJ'S ACTION. POINTS TO BE DELIVERED BY CHARGE AS SOON AS RECEIVED FROM KINGSTON. THIS WAS BEING DONE "IN THE SPIRIT OF KEEPING US CLOSELY INFORMED." (KUBISCH NOW HAS A 5:00 P.M.APPOINTMENT WITH CHARGE.)

3. MATALON CALLED EAGLEBURGER 4:00 P.M. MAY 15 TO EXPLAIN THAT GOJ WOULD BE TABLING LEGISLATION THAT WOULD PROVIDE FOR THE TAXING OF BAUXITE AT A RATE OF 7.5 PERCENT FOR THE FIRST YEAR, 8 PERCENT FOR THE SECOND YEAR AND 8.5 PERCENT FOR THE THIRD YEAR. LEGISLATION WOULD ALSO PROVIDE FOR A MINIMUM TONNAGE FIGURE TO BE MINED BY THE COMPANIES DURING THE COURSE OF 1974. (ACCORDING TO MATALON, THIS FIGURE CORRESPONDS TO PROJECTIONS OF THE COMPANIES THEMSELVES.) MATALON LAID SPECIAL EMPHASIS ON THE FACT THAT LEGISLATION WOULD BE TAX LEGISLATION AND THUS SUBJECT TO CHANGE AND AMENDMENT. HE STATED FURTHER THAT THE GOJ WAS PREPARED TO CONTINUE TALKING WITH THE COMPANIES ON MATTERS OF INTEREST TO THEM. DURING THIS CONVERSATION, EAGLEBURGER WAS ABLE TO MAKE THE POINT TO MATALON THAT PM'S LETTER OF MAY 8 TO THE SECRETARY IN WHICH HE SET FORTH HIS RECOLLECTION OF THEIR MARCH 13 MEETING RECORDED A PRIVATE CONVERSATION AND WE DID NOT EXPECT THEREFORE THAT IT WOULD BE USED PUBLICLY IN ANY WAY. MATALON ASSURED EAGLEBURGER THAT THERE WAS NO INTENTION ON THEIR PART TO RELEASE IT IN ANY FORM.

4. THERE HAS ALREADY BEEN PRESS INTEREST IN THE FAILURE OF THE COMPANIES TO REACH AGREEMENT WITH THE GOJ PROBABLY FLOWING OUT OF THE PRESS CONFERENCE PM MANLEY GAVE IN KINGSTON AT NOON MAY 15. (GROUND RULES HAD SPECIFIED A 4:00 P.M. EMBARGO.) IN RESPONSE TO A WASHINGTON POST INQUIRY, WE HAVE STATED THAT WE WERE AWARE OF NEGOTIATIONS IN PROGRESS BETWEEN THE GOJ AND THE COMPANIES. BECAUSE THE TALKS HAD INVOLVED COMPANIES AND GOJ IT WOULD BE INAPPROPRIATE FOR US TO MAKE ANY COMMENT AT THIS STAGE. WE ARE PREPARING FULL PRESS GUIDANCE TO BE USED AT TOMORROW'S NOON BRIEFING.
RUSH

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To: JERUSALEM
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